



H.R. 2863 – Department of Defense Appropriation Bill for FY 2006

Calendar No. 230

On September 28, 2005, the Committee on Appropriations reported H.R. 2863, with an amendment in the nature of a substitute, by a vote of 28-0. No written report.

Noteworthy

- H.R. 2863 provides \$440.22 billion in new obligational authority for the Department of Defense, which (excluding the \$50.0 billion contingency emergency reserve fund) is nearly \$7 billion below the Administration's request and \$937.2 million below the FY05 enacted level.
- H.R. 2863 provides \$50.0 billion in a contingent emergency reserve fund related to the Global War on Terror. These funds are made available pursuant to section 402 of the concurrent budget resolution of FY 2006.
- H.R. 2863 fully funds key readiness programs critical to the Global War on Terrorism.
- S. 1042, the pending FY06 Defense Authorization bill authorizes an overall Department of Defense end strength of 2,259,000. H.R. 2863 fully funds the overall end strength provided for in S. 1042. (See Possible Amendments section, p.7.)
- H.R. 2863 provides funding for a 3.1-percent, across-the-board pay raise for military personnel.
- On June 20, 2005, the House passed H.R. 2863, its version of the FY06 Defense Appropriations bill, by a vote of 398-19. Some programs funded in Titles I, II, and VI of this bill were not funded in the House version of H.R. 2863, but instead were funded in H.R. 2528, Military Quality of Life and Veterans Affairs Appropriations Act, 2006.

Highlights

	<u>FY06 Bush Request</u>	<u>FY06 Committee Recommendation</u>
Title I – Military Personnel	\$98.2 billion	\$95.7 billion
Title II – Operation and Maintenance	\$126.9 billion	\$125.0 billion
Title III – Procurement	\$76.6 billion	\$75.8 billion
Title IV – Research, Development, Test and Evaluation	\$69.4 billion	\$70.4 billion
Title V – Revolving and Management Funds	\$3.1 billion	\$1.7 billion
Title VI – Other Department of Defense Programs	\$22.3 billion	\$22.8 billion
Title VII – Related Agencies	\$599.4 million	\$657.9 million
Title VIII – General Provisions (net)	\$63.0 million	-\$1.8 billion
Title IX – Additional Appropriations Contingency	\$0	\$50 billion
TOTAL	\$397.2 billion	\$440.2 billion

Bill Provisions

Title I – Military Personnel

Title I provides \$95.68 billion for the Department's Military Personnel, which is \$2.55 billion below the Administration's request and \$1.73 billion below the House-passed level. This funding provides basic pay and allowances, clothing, subsistence, other personnel costs for the uniformed members of the armed forces, and the Department of Defense Military Retirement Fund.

Title II – Operation and Maintenance

Title II provides \$124.97 billion for Operation and Maintenance, which is \$1.93 billion below the Administration's request, but nearly \$879 million above the House-passed bill. Significant spending accounts include:

Operation and Maintenance: Provides \$123.06 billion for the armed forces and defense agencies to prepare for and conduct combat and peacetime missions. Funds are divided between the Army, Navy, Marines, and Air Force, their respective Reserves, Defense-Wide, the Army National Guard, and the Air National Guard. Funds are used for purposes such as purchasing fuel and spare parts for training operations and repair of weapons and facilities.

Overseas Contingency Operations Transfer Account: The Committee did not include funding for the Administration's \$20.0 million request for an Overseas Contingency Operations Transfer Account. The Committee notes that the Administration failed to provide budget justification materials for this account.

U.S. Court of Appeals for the Armed Forces: Provides \$11.2 million for salaries and expenses for the U.S. Court of Appeals for the Armed Forces, which fully funds the Administration's request and is \$411,000 above the FY05 enacted level.

Environmental Restoration: Provides \$1.42 billion for environmental restoration. The funds specifically are provided to: Army, Navy, Air Force, Defense-Wide, and formerly used defense sites.

Overseas Humanitarian, Disaster, and Civic Aid: Provides \$61.5 million for Overseas Humanitarian, Disaster, and Civic Aid, which is equal to the Administration's request and \$2.5 million above the FY05 enacted levels.

Title III – Procurement

Title III provides \$75.82 billion for Procurement, which is \$815.2 million below the Administration's request and the FY05 enacted level. Significant spending accounts include:

Aircraft: Provides \$2.56 billion for **Army** procurement, which is \$238.4 million below the Administration's request and is \$292.1 million below the FY05 enacted level. Included in these funds is \$655.8 million for the CH-47 Helicopter, which is \$4.5 million above the Administration's request. Provides \$9.88 billion for **Navy** procurement, which is \$636.6 million below the Administration's request, but \$968.4 million above the FY05 enacted level. Provides \$12.72 billion for **Air Force** procurement, which is \$755.5 million above the Administration's request, but \$918.8 million below the FY05 enacted level.

Weapons/Missiles: Provides \$1.21 billion for **Army** procurement, which is \$55.9 million below the Administration's request, and \$92.1 million below the FY05 enacted level. Provides \$2.59 billion for **Navy** procurement, which is \$114.5 million below the Administration's request but \$478.6 million above the FY05 enacted level. Provides \$5.07 billion for **Air Force** procurement,

which is \$421.3 million below the Administration's request, but \$610.9 million above the FY05 enacted level.

Ammunition: Provides \$1.71 billion for **Army** procurement, which is \$12.2 million below the Administration's request, but \$117.7 million above the FY05 enacted level. Provides \$832.8 million for **Navy** procurement, which is \$40.1 million below the Administration's request and \$55.5 million below the FY05 enacted level. Provides \$996.1 million for **Air Force** procurement, which is \$35.1 million below the Administration's request and \$331.3 million below the FY05 enacted level.

Shipbuilding: Provides \$8.67 billion for Navy shipbuilding, which is \$43.2 million below the Administration's request and \$1.75 billion below the FY05 enacted level.

Other: Provides \$4.43 billion for other **Army** procurement. Provides \$5.29 billion for other **Navy** procurement. Provides \$1.36 billion for **Marine Corps** procurement. Provides \$14.05 billion for other **Air Force** Procurement. Provides \$2.57 billion for **Defense-Wide** procurement.

Defense Production Act Purchases: Provides \$65.6 million for Defense Production Act Purchases, which is \$40.0 million above the Administration's request and \$25.8 million above the FY05 enacted level.

Title IV – Research, Development, Test and Evaluation

Title IV provides \$70.40 billion for Research, Development, Test and Evaluation (RDT&E), which is \$1.05 billion above the Administration's request. Significant spending accounts include:

Army RDT&E: Provides \$10.52 billion for Army RDT&E, which is \$791.2 million above the Administration's request. Included in this funding is \$3.30 billion for the Army's Future Combat System.

Navy RDT&E: Provides \$18.55 billion for Navy RDT&E, which is \$513.9 million above the Administration's request. Fully funds research and development efforts for the DD(X) program, the Navy's next-generation destroyer.

Air Force RDT&E: Provides \$21.86 billion for Air Force RDT&E, which is \$753.3 million below the Administration's request. Funding is provided for several Department of Defense space satellite programs and the Joint Strike Fighter program. Consistent with the authorizing committee's work to this point, the Appropriations Committee does not fund the \$4.5 million request for an Air Force led study of the integration of the Robust Nuclear Earth Penetrator ("RNEP") on its delivery platform.

Defense-Wide RDT&E: Provides \$19.30 billion for Defense-Wide RDT&E, which is \$498.2 million above the Administration's request. Included in this funding is \$2.92 billion for Defense Advanced Research Projects Agency programs and \$7.94 billion for the Missile Defense Agency, which is nearly \$1.0 billion below the FY05 enacted level. Specifically, the Committee

recommends an additional \$75.0 million for the Aegis missile defense program above the 2006 budget request. The Committee also recognized the “fundamental sound[ness]” of the ground-based midcourse defense (“GMD”) system and appropriated an additional \$200.0 million to the budget request to maintain the production schedule for the ground-based interceptors, as well as additional testing. Finally, it also directs the Defense Intelligence Agency to complete a report studying the asymmetric threat of short-range missiles moved closer to the United States on sea-based platforms.

Operational Test and Evaluation, Defense: Provides \$168.5 million for independent activities of the Director of Operational Test and Evaluation, which is equal to the Administration’s request, but is \$146.4 million below the FY05 level.

Title V – Revolving and Management Funds

Title V provides \$1.73 billion for Revolving and Management Funds, which is \$1.39 billion below the Administration’s request. This funding includes \$1.15 billion for Defense Working Capital Funds and \$579.9 million for the National Defense Sealift Fund.

Title VI – Other Department of Defense Programs

Title VI provides \$22.81 billion for a range of Department programs. This funding includes: \$18.0 billion for the Defense Health Program, which includes \$18.0 million to ensure military amputee patients are returned to the highest level of physical function; \$1.43 billion for Army Chemical Agents and Munitions Destruction; \$926.8 million for Drug Interdiction and Counter-Drug Activities; and \$209.7 million for the Office of the Inspector General.

Title VII – Related Agencies

Title VII provides \$657.9 million for several related agencies. This funding includes: \$244.4 million for the Central Intelligence Agency Retirement and Disability System Fund, and \$413.3 million for the Intelligence Community Management Account.

Title VIII – General Provisions

Title VIII includes proposals that have been incorporated into previous appropriations bills, provisions requested by DoD, and new provisions. Title VIII also includes \$496.8 million in rescissions. Notable sections include: Section 8051, which is a prohibition on assistance to North Korea; Section 8074, which concerns the sale of the F-22 to foreign nations; Section 8095, which concerns prior-year shipbuilding; and Section 8115, which requires a report on disaster emergency response.

Title IX – Contingency Emergency Fund

Title IX provides \$50.0 billion for a contingency emergency reserve for costs related to the Global War on Terror. Pursuant to section 402 of H. Con. Res. 95 (109th Congress), all of

the funding has been designated as emergency funding. This funding ensures that our troops will have the necessary resources when they need them.

Military Personnel: Provides \$6.21 billion for military personnel.

Operation and Maintenance: Provides \$32.41 billion for O&M accounts.

Procurement: Provides \$8.55 billion for procurement.

Research, Development, Test and Evaluation: Provides \$92.3 million for Research, Development, Test, and Evaluation.

Revolving Management Funds: Provides \$2.7 billion for Revolving Management Funds. Included in this funding is \$2.40 billion for a fuel price increase and \$316.4 million for Working Capital Funds wartime costs.

Drug Interdiction and Counter-Drug Activities, Defense (DICDA): Provides \$27.6 million for DICDA.

Administration Position

A Statement of Administration Policy (SAP) on the bill as reported by the Senate Appropriations Committee was not available at press time.

On June 16, the Administration released a SAP on the House-reported bill, H.R. 2863. The Administration supported House passage of H.R. 2863 and looks forward to working with Congress to ensure that the FY06 appropriations bills do not exceed the **\$843 billion discretionary funding level** contained in the FY06 Budget Resolution, as amended by the July 14, 2005, request for additional funds for Veterans Affairs medical care. **(The President's Budget includes over 150 program savings and reforms and was the first to propose reducing non-security discretionary spending since the Reagan Administration.)** In the SAP to the House-reported bill, the Administration offered its views on several provisions including Operation and Maintenance funding, support to other nations, reductions and limitations on acquisition programs, unrequested program funding, National Drug Intelligence Center, classified programs, armored vehicles, and competitive sourcing.

Cost

The Committee, in consultation with the Congressional Budget Office, estimates the bill provides \$440.0 billion in discretionary budget authority and \$244.6 million in mandatory budget authority.

H.R. 2863 would result in the following outlays:

FY 2006	\$306.101 billion
FY 2007	\$102.022 billion
FY 2008	\$27.558 billion
FY 2009	\$7.829 billion
FY 2010	\$5.742 billion

Possible Amendments

The following is a list of amendments that may be offered on the floor:

Senator Warner: There have been discussions between Senator Warner and Senator Stevens concerning the idea of attaching S. 1042, the FY06 Defense Authorization Act, to H.R. 2863 as an amendment.

Senator McCain: Amendment would seek to prohibit cruel, inhuman, or degrading treatment or punishment of persons under the custody or control of the United States; and make the Army Field Manual the uniform standard for interrogation. (These amendments were offered to S. 1042, Senate Amendments 1556, 1557.)

Senator Murray: Amendment would seek to help the transition of National Guard members returning home from the wars in Iraq and Afghanistan.